

Senate Study Bill 1204 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON BOWMAN)

A BILL FOR

1 An Act concerning vehicle registration fees, including matters
2 relating to evasion of fees and to fees for electric
3 vehicles, providing penalties, and including applicability
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.55, Code 2013, is amended to read as
2 follows:

3 **321.55 Registration and financial liability coverage required**
4 **for certain vehicles owned or operated by nonresidents.**

5 1. A nonresident owner or operator engaged in remunerative
6 employment within ~~the~~ this state or carrying on business
7 within ~~the~~ this state and owning or operating a motor vehicle,
8 trailer, or semitrailer within ~~the~~ this state shall register
9 and maintain financial liability coverage as required under
10 section 321.20B for each vehicle and pay the same fees for
11 registration as are paid for like vehicles owned by residents
12 of this state. However, this ~~paragraph~~ subsection does not
13 apply to a person commuting from the person's residence in
14 another state or whose employment is seasonal or temporary, not
15 exceeding ninety days.

16 2. a. A nonresident owner of a motor vehicle operated
17 within ~~the~~ this state by a resident of ~~the~~ this state shall
18 register the vehicle and shall maintain financial liability
19 coverage as required under section 321.20B for the vehicle.
20 The nonresident owner shall pay the same fees for registration
21 as are paid for like vehicles owned by residents of this state.
22 However, registration under this paragraph is not required for
23 vehicles being operated by residents temporarily, ~~not exceeding~~
24 for not more than ninety days. For purposes of this paragraph,
25 a vehicle is not operated in the state temporarily, and is
26 therefore subject to registration and the owner is required
27 to pay the applicable fees, if the vehicle is located in Iowa
28 for more than ninety consecutive or nonconsecutive days and is
29 operated on an Iowa highway by an Iowa resident during that
30 time. It is unlawful for a resident to operate within the
31 state an unregistered motor vehicle required to be registered
32 under this paragraph. The ninety-day temporary period of
33 operation provided for under this paragraph does not apply to a
34 vehicle owned by a shell business as provided in paragraph "b".

35 b. On or after July 1, 2013, if the department, in

1 consultation with the department of revenue, determines that
2 the nonresident owner of a vehicle is a partnership, limited
3 liability company, or corporation that is a shell business, it
4 shall be rebuttably presumed that the Iowa resident in control
5 of the vehicle is the actual owner of the vehicle, that the
6 vehicle is subject to registration in this state, and that
7 payment of the fee for new registration for the vehicle is owed
8 by the Iowa resident.

9 (1) Factors which indicate that a partnership, limited
10 liability company, or corporation is a shell business include
11 but are not limited to the following:

12 (a) The partnership, limited liability company, or
13 corporation lacks a specific business activity or purpose.

14 (b) The partnership, limited liability company, or
15 corporation fails to maintain a physical location in the
16 foreign state.

17 (c) The partnership, limited liability company, or
18 corporation fails to employ individual persons and provide
19 those persons with internal revenue service form W-2 wage and
20 tax statements.

21 (d) The partnership, limited liability company, or
22 corporation fails to file federal tax returns, or fails to file
23 a required state tax return in the foreign state.

24 (2) Factors which indicate that a person is in control of a
25 vehicle include but are not limited to the following:

26 (a) The person was the initial purchaser of the vehicle.

27 (b) The person operated or stored the vehicle in Iowa for
28 any period of time.

29 (c) The person is a partner, member, or shareholder of
30 the nonresident partnership, limited liability company, or
31 corporation that purports to be the owner of the vehicle.

32 (d) The person is insured to drive the vehicle.

33 (3) If the department determines that the nonresident owner
34 of a vehicle is a shell business, the department shall notify
35 the Iowa resident in control of the vehicle in writing that

1 the Iowa resident is required to obtain an Iowa certificate of
2 title and registration for the vehicle and pay the fee for new
3 registration owed for the vehicle not later than thirty days
4 from the date of the notice.

5 Sec. 2. Section 321.105A, subsection 7, Code 2013, is
6 amended to read as follows:

7 7. *Penalty for false statement or evasion of fee.*

8 a. A person who willfully makes a false statement in
9 regard to the purchase price of a vehicle subject to a fee
10 for new registration or willfully attempts in any manner to
11 evade payment of the fee required by this section is guilty
12 of a fraudulent practice. A person who willfully makes a
13 false statement in regard to the purchase price of such a
14 vehicle with the intent to evade payment of the fee for new
15 registration or willfully attempts in any manner to evade
16 payment of the fee required by this section shall be assessed
17 a penalty of seventy-five percent of the amount of the fee
18 unpaid and required to be paid on the actual purchase price
19 less trade-in allowance.

20 b. An Iowa resident found to be in control of a vehicle
21 which is owned by a shell business and for which the fee for new
22 registration has not been paid, as provided in section 321.55,
23 subsection 2, is guilty of a fraudulent practice. An Iowa
24 resident found to be in control of a vehicle which is owned by
25 a shell business and for which the fee for new registration
26 has not been paid, as provided in section 321.55, subsection
27 2, shall be assessed a penalty of seventy-five percent of the
28 amount of the fee unpaid and required to be paid on the actual
29 purchase price less trade-in allowance.

30 Sec. 3. REPEAL. Section 321.116, Code 2013, is repealed.

31 Sec. 4. APPLICABILITY — PRIOR ELECTRIC VEHICLE
32 REGISTRATIONS.

33 1. Except as provided in subsection 2, the section of this
34 Act that repeals section 321.116 applies to the registration of
35 electric motor vehicles for registration years beginning on or

1 after January 1, 2014.

2 2. For an annual renewal of registration for an electric
3 motor vehicle which was registered to the same owner for a
4 registration year beginning prior to January 1, 2014, the
5 annual registration fee shall be according to the terms of
6 section 321.116, Code 2013.

7 EXPLANATION

8 This bill contains provisions relating to collection of
9 the fee for new registration from vehicle owners who attempt
10 to evade payment of the fee, including resident owners who
11 establish a shell business in another state. In addition,
12 the bill provides for annual registration fees for electric
13 vehicles based on the weight and value of the vehicle.

14 Under current law, the nonresident owner of a motor vehicle
15 which is operated within this state by a resident of this
16 state must register the vehicle in Iowa and pay the same fees
17 required for registration of a vehicle by a resident owner.
18 However, registration is not required for a vehicle owned by
19 a nonresident and operated in this state by an Iowa resident
20 for a temporary period of not more than 90 days. The bill
21 provides that if a vehicle owned by a nonresident is located in
22 Iowa for more than 90 consecutive or nonconsecutive days and is
23 operated by an Iowa resident during that time, the vehicle is
24 not considered to be in the state temporarily.

25 The bill provides that on or after July 1, 2013, if the
26 department of transportation, in consultation with the
27 department of revenue, determines that the nonresident owner
28 of a vehicle is a partnership, limited liability company, or
29 corporation that is a shell business, there is a rebuttable
30 presumption that the Iowa resident in control of the vehicle
31 is the actual owner of the vehicle, that the vehicle is
32 subject to registration in this state, and that the fee for
33 new registration for the vehicle is owed by the Iowa resident.
34 The 90-day grace period does not apply to such a vehicle,
35 and the department of transportation shall notify the Iowa

1 resident in control of the vehicle of the requirement to obtain
2 a certificate of title and registration for the vehicle and
3 pay the applicable fee for registration within 30 days of the
4 date of the notice. The bill lists factors that identify a
5 shell business, including but not limited to lacking a specific
6 business activity or purpose, failing to maintain a physical
7 location in the foreign jurisdiction, failing to employ
8 individuals and issue federal W-2 forms, and failing to file
9 federal or state tax returns. Factors used to identify the
10 person in control of the vehicle include that the person was
11 the original purchaser of the vehicle; that the person operated
12 or stored the vehicle in Iowa for any period of time; that the
13 person is a partner, member, or shareholder of the nonresident
14 partnership, limited liability company, or corporation that
15 purports to be the owner of the vehicle; or that the person is
16 insured to operate the vehicle.

17 The bill provides that a person who willfully attempts to
18 evade payment of the fee for new registration is guilty of
19 a fraudulent practice. The bill also provides that a person
20 who is found to be in control of a vehicle that is owned by a
21 shell business and for which the fee for new registration is
22 unpaid is guilty of a fraudulent practice. In addition to any
23 criminal penalty, the person shall be assessed a penalty of
24 75 percent of the amount of the fee unpaid and required to be
25 paid. These are the same penalties that apply for making a
26 false statement in regard to the purchase price of a vehicle
27 subject to the fee for new registration.

28 Code section 321.116, which establishes an annual
29 registration fee of \$25 for an electric motor vehicle up to
30 five model years old and a fee of \$15 thereafter, is repealed.
31 As a result, electric motor vehicles will be subject to
32 registration fees based on the weight and value of the vehicle.
33 The change applies for registration years beginning on or after
34 January 1, 2014. However, current fees will continue to apply
35 to registration renewals for electric motor vehicles registered

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1 to the same owner for a registration year beginning prior to
2 January 1, 2014.